

FIRSTRAND LIMITED
("FirstRand")

BOARD DIRECTOR'S CODE OF ETHICS

FirstRand's philosophy is a commitment to fair dealing and integrity in the conduct of its business. This philosophy is entrenched in the board director's commitment to exercise due care and skill (*diligence*) and act in good faith (*fiduciary duties*).

The board believes that its commitment to these ethical values will benefit all its stakeholders. Decisions taken by the board determine not only the direction of FirstRand, but also the way in which it is managed. Such decisions have ethical implications for the entire company.

The following twelve principles, grouped into *diligence* and good faith are ascribed to and indicative of the board's dedication to ethical values:

Diligence (duties of care and skill):

1. Induction and training sessions are attended on an ongoing basis to receive updates on duties and responsibilities and FirstRand operations;
2. Compliance with laws, regulations and FirstRand's policies/rules;
3. Preparation takes place for meetings and meetings are attended;
4. Directors have unfettered access to information and expert advice and actively solicit information to enable informed decision-making;
5. Disciplined, proactive and courageous meeting participation;
6. A strive to improve performance;

Good faith (fiduciary duties):

7. Honesty and integrity;
8. Personal transactions are kept separate from FirstRand transactions;
9. Soliciting or acceptance of payments (other than declared remuneration), gifts, entertainment, travel benefits, etc. as consideration to act or fail to act in a certain way is disallowed;
10. Acting in FirstRand's best interests and disclosure of personal interests;
11. Disclosure takes place and prior approval is obtained in the event of a director's trading in FirstRand shares or any embargoed shares;
12. Confidentiality of FirstRand information is maintained.

If more detail is required on the 12 principles please see annexure 1 attached.

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EXPLANATORY NOTES ON BOARD DIRECTORS' CODE OF ETHICS

1. INTRODUCTION

Directors should not only act with integrity but they should also ensure that they know their duties and responsibilities. They should exercise a higher level of care than they would exercise when carrying their own affairs.

The standard of care required is greater than that of a reasonable man. The duty is to observe the utmost good faith and to exercise proper care and diligence in the safe custody, control or governance of FirstRand.

The board has a fiduciary responsibility to FirstRand and its stakeholders and should protect their interests above the interests of any third party or the personal interests of directors individually or collectively.

It is the duty of the board to protect and serve, impartially and with due care and consideration, the equitable interest of all stakeholders such as shareholders, employees, suppliers, customers, the community and regulators. The board is required to ensure competing interests of the active and passive (e.g. the environment) stakeholders are balanced in an equitable and fair manner, and that no individual or group of stakeholders is given preferential treatment over others.

The board's discretionary powers have to be exercised in terms of its rules and the provisions of legislation and regulations. In the exercise of its discretionary powers, the board must act reasonably and fairly. The board may not do anything, which will fetter its discretion, and may not delegate a fiduciary responsibility to those whom that responsibility is owed. A board is always accountable for decisions it makes, as well as the actions and decisions made by those to whom the board has delegated responsibility.

The board is required to disclose adequate and relevant information to FirstRand stakeholders.

2. GOVERNING PRINCIPLES

1 *Induction and training*

Directors must be aware of their accountabilities and responsibilities, and must attend training programmes and workshops to assist them in executing their duties. Induction training needs to cover general governance, as well as FirstRand specific legislation and operations.

New directors should understand FirstRand's business and familiarise themselves with the financial, social and political environment within which FirstRand operates.

As the regulatory environment continually evolves, it is essential that each director learns about the amendments or new laws and regulations that impact on FirstRand and future decisions that will be taken by the board. Formal update sessions must be conducted and attended by all directors on a regular (at least annual) basis to discharge this responsibility.

To do so they are dependent on the function of company secretary, this may be shared or outsourced if beyond the capacity of a single individual.

2 *Compliance with laws, regulations and FirstRand's policies/rules*

Directors should ensure that they act in accordance with the applicable laws, rules and regulations that relate to their activities for and on behalf of FirstRand.

The directors must act within limitations imposed by the board, legislation and FirstRand's shareholders.

3 *Preparation and attendance at meetings*

Directors need to be aware of the procedures to be followed at board meetings as provided for in its Articles of Association or other rules of FirstRand.

Directors should make sufficient time for the exercise of their role as director. They should be judicious in the number of directorships they accept in order to do full justice to their onerous responsibilities.

Directors are required to prepare for each board and committee meeting. Sufficient information shall be distributed to them beforehand to enable each director to prepare adequately.

Directors should ensure that they make every effort to attend all board meetings as scheduled and notified. Where they also serve on board committees, the same level of commitment applies.

4 *Unfettered access to information and expert advice*

The board is entitled and in fact is obliged to obtain expert advice from professionals such as lawyers, actuaries and auditors in matters where its members lack sufficient expertise. Directors should give the advice due consideration, and make decisions based on the assessment of the advice obtained.

Information should be actively solicited in cases where information provided is not sufficient to make informed decisions. To enable informed decision making, directors should be aware of the issues that could have a material impact on FirstRand and its operations. The directors are entitled to have unfettered access to all company information, records, documents, property and to senior management.

A protocol is normally established through the company secretary, CEO or chairperson of the board for accessing expert advice or company information. These individuals should facilitate the process for the director. If in the director's opinion, the advice or information hereby obtained is relevant to FirstRand or its operations, then it should be disclosed to the company secretary, CEO or chairperson of the board, who should give feedback to the board.

5 *Disciplined, proactive and courageous participation*

The board needs to be disciplined in carrying out its role, with the emphasis on strategic issues and policy. In addition, Regulation 38 of the Banks Act, Act 90 of 1990, states that a bank needs to manage its risks. Regulation 39 confirms that directors of a bank have a duty to ensure that risks are managed in a prudent manner as the primary source of funds administered and utilised by the bank is deposits loaned to it by the general public.

The board's discussions must be open and constructive. Active participation in board deliberations is necessary. The chairperson will seek a consensus in the board but may call for a vote, where considered necessary. Discussions and records of the board proceedings must remain confidential unless a specific direction from the board to the contrary has been issued.

The board has sole authority over its agenda but any director may request that additional items are added to its agenda.

It is incumbent on individual directors to exercise complete objectivity and independence especially in situations driven by a dominant or charismatic leader, which may not be in the best, sustainable interests of FirstRand.

6 *A strive to improve performance*

Every director of the board and its committees needs to strive to improve his or her performance, objectively adjudged by peers.

7 *Honesty and integrity*

Directors must act honestly and with integrity in all their dealings on behalf of FirstRand.

They should not discriminate on the grounds of race, religion, gender, marital status, or disability.

Directors may not make promises or commitments that FirstRand does not intend, or would be unable to honour.

Directors' conduct, at all times will be such that their honesty is beyond question.

Directors shall adhere to the truth, and not mislead directly or indirectly nor make false statements, nor mislead by omission.

8 *Personal transactions*

Directors personal or other business dealings will be kept separate from their dealings as a director of FirstRand.

Directors shall not use the name of FirstRand or any subsidiary to further any personal or other business transaction.

Directors agree to use goods, services and facilities provided to them by FirstRand, strictly in accordance with the terms on which they were provided.

9 *Payments, gifts, entertainment, travel benefits and other forms of enrichment*

Directors may not under any circumstances solicit or accept benefits, entertainment or gifts of any kind (including, without limitation, cash preferred pricing, preferred loans, securities, secret commission) or any other direct or indirect benefit, financial or otherwise as an inducement for performing an act or as consideration for failing to act in any manner or in exchange for preferential treatment. In particular, no director may make any secret profit or otherwise enrich himself or herself at the expense of FirstRand by virtue of his or her office.

Entertainment, hospitality and modest gift items (such as business lunches, exchange of modest items between business associates, the presentation of small tokens of appreciation at public functions or an inexpensive memento) should be reasonable and never lead to a sense of obligation. Directors should apply their discretion, taking into account their fiduciary duties, when accepting gifts.

Should unsolicited, inappropriate gifts be received by a member of the board or committee, it should be returned to the donor with a letter making reference to these procedures.

It is in the discretion of a director to disclose to the board or chairperson the identity of persons offering the director any benefit, direct or indirect and financial or otherwise for acting or failing to act in any particular manner, in which event the board should decide on the appropriate action to be undertaken against such a person.

10 *Acting in FirstRand's best interests and a disclosure of personal interests*

The board is required to maintain an independent and dispassionate interest in the affairs of FirstRand and be seen to do so. At the same time it is required to promote and balance the interests of the different stakeholders to the exclusion of everyone else.

Directors should avoid a conflict of interest and should disclose an existing or possible conflict of interest. They must also consider the interests held by their

spouses, partners or close family, and by persons living in the same household as well as the interests of other connected persons such as trusts.

Directors who have any queries or concerns about these situations, and particularly when in doubt, should discuss them with the chairperson. In all circumstances, they should ask themselves whether members of the public, knowing the facts of the situation, would reasonably conclude that the interest involved might influence the approach taken to the actions of the board or committee.

The chairperson should take particular care that no possible conflict or perceived conflict of interest in this area is allowed to arise.

In cases where a member of the board and its committees has a material interest, whether directly or indirectly, in a significant contract (significant in relation to FirstRand's business) to be considered or entered into by FirstRand, the following should apply:

- the interest and its nature must be disclosed at the earliest opportunity, if not in advance. There are two types of disclosures:
 - a general declaration of interest that is furnished annually in advance. This written declaration may be amended from time to time and will not be effective beyond the end of the financial year but may from time to time be renewed; and
 - a special declaration at any point in time throughout the year. This can be done verbally or in writing. The declaration should be made at or before the meeting at which the question of confirming or entering into the relevant contract is first taken into consideration. If not possible to declare at this stage, then the declaration should be made at the first meeting held thereafter at which it is possible for him to do so, stating the reasons why it was not possible to do so at the particular meeting. Minutes of the declaration should be kept and should record that the director in question abstained from voting when the motion to approve the contract was put to the meeting.
- the person must not influence or seek to influence any decision relating to the matter;
- the person should recuse himself when the relevant matter is discussed and decided on; and

Individual board and committee members shall sign an annual Declaration of Interests and signing this shall be a condition of appointment.

11 *Disclosure and approval of director's trading in FirstRand Shares or embargoed shares*

Directors should obtain prior approval from the chairperson of the board on all intended trading in FirstRand Shares or any embargoed shares.

12 Maintaining the confidentiality of information in respect of FirstRand's operations and affairs

Any information acquired by a director by virtue of his or her office can only be utilised for the purposes of furthering the interests of FirstRand, and not for his or her own personal gain or to benefit friends, relatives and others.

Confidential information includes proprietary, technical, business, financial, joint venture and any other information, which FirstRand treats as confidential or which is not made available publicly. Directors who leave or retire from organisation continue to be obligated not to disclose such confidential information.

In addition, board and committee members should not:

- divulge any confidential information to external organisations, including the media, without prior approval from the board or the chairperson. If asked to comment on or divulge any non-confidential information, discretion should be applied to defer the matter to the board or chairperson;
- do or say anything which might be construed as damaging the credibility or integrity of the board or FirstRand.

3. PRACTICAL DAY-TO-DAY ETHICAL DECISIONMAKING TOOL

The questions below constitute a quick test for determining whether an act or failure to act is or could be regarded as unethical (taken from *Blanchard and Peale* (1998) :

- 1 Is it legal – will I be violating either the law or FirstRand policy? (or in fact, the Code of Ethics)
- 2 Is it balanced – is it fair to all concerned in the short-term as well as the long-term?
- 3 How will it make me feel about myself – will it make me feel proud? Would I feel good if my decision were published in the newspaper? Would I feel good if my family knew about it?

4. BREACH OF CODE OF ETHICS

Failure by a director to comply with any aspects of this Code of Ethics may result in his/her actions being referred to the board and where a director is in serious breach, he or she may be removed from office by way of two-thirds vote at a special general meeting, specifically convened for that purpose.

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